

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 53
Version: As Introduced

DATE: February 11, 2013

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Subject: School District Aid Payment Shift; Requiring a Three-fifths Passage Rate

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Overview

School districts use the accrual method of accounting, which means the full amount of the aid entitlement owed to a district for a fiscal year is booked as revenue for that year, regardless of when the state aid is actually received by the district. The state, on the other hand, uses a cash-based system of accounting. As a result, the state can save money on a onetime basis by implementing a “shift” of school district state aid. There are two types of shifts—the aid payment shift and the property tax recognition shift.

The aid payment shift works by having the state pay only part of the aid entitlement to the schools in the current year (in twice-monthly payments), and paying the remainder of the aid owed in a “clean-up” payment in the following year (in payments primarily in September and October). The aid payment shift percentage is currently 82.5.

This bill establishes a statutory requirement that any legislation designed to lower the current year aid payment amount below 90 percent of the aid entitlement must receive the approval of at least three-fifths of the members of each body.

- 1 Applicability.** Statutorily requires three-fifths of the members of each house of the legislature to vote for any provision that would lower the portion of the school aid entitlement that is paid to school districts in the current year below 90.